TOSO CO LTD v. GOODMEYER CURTAIN ACCESSORIES SUPPLY SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
YUSRIN FAIDZ YUSOFF JC
[SUIT NO: WA-22IP-84-12-2019]
30 JULY 2024

Abstract – *In an application for protective and sealing order to shield commercially sensitive information from being disclosed to the public due to an assessment of damages, balance must be struck between two competing public interests. These public interests are the defendant's right to access all relevant documents for the assessment of damages and the plaintiff's right to protect its confidential information. The application can be allowed if through the said order, both competing public interests can be promoted.*

CIVIL PROCEDURE: *Judgments and orders – Protective and sealing order – Application to safeguard commercially sensitive information – Proprietor of product sought to produce documents containing commercially sensitive information for assessment of damages – Whether protective and sealing order necessary – Whether benefits of protective and sealing order outweighed harm – Whether granting of application consistent with court's commitment to balancing transparency and confidentiality*

This was an application by the plaintiff for a protective and sealing order ('protective order') to shield its commercially sensitive and confidential information from being publicly disclosed during an assessment of damages ('encl. 161'). The plaintiff and the defendant were companies involved in the curtain rails and accessories industry. The plaintiff was the proprietor of the 'New Delac' curtain track design ('New Delac'), while the defendant was the proprietor of the 'Yokita' curtain track design ('Yokita'). Alleging that the Yokita had infringed the New Delac, the plaintiff commenced an action at another High Court against the defendant for copyright infringement. That action succeeded, and the plaintiff was awarded with, among others, relief for damages to be assessed. After a notice for direction for assessment of damages pursuant to O. 37 r. 1 of the Rules of Court 2012 was duly filed by the plaintiff, the plaintiff filed encl. 161 in this court. As the plaintiff was entitled to quantify its losses on the basis of loss of royalties, to support the assessment of damages, the plaintiff sought to produce, among others: (i) license agreement and annual royalty reports between the plaintiff and its exclusive distributor and licensee in Malaysia for the New Delac; (ii) documents containing pricing information of the New Delac offered to the said exclusive distributor and licensee; and (iii) documents containing sales, general and administrative expense, *ie*, operational costs of the New

Delac ('protected information'). According to the plaintiff, the allowance of the encl. 161 was necessary because if the protected information were to be disclosed to third parties due to the assessment of damages, especially to the competitors in the same industry, severe prejudice would be caused towards the plaintiff's business and competitive position, as such would allow the competitors to determine the costs, profits and profit margins of the plaintiff's New Delac. The issues that arose were: (i) whether the protective order was necessary; and (ii) whether the benefits of the protective order outweighed the harm.

Held (allowing encl. 161):

(1) Based on the nature of the protected information, they were confidential and required more protection than a mere implied undertaking of confidentiality. This was especially when the protected information would become part of the court records which would be made accessible to the public *via* the court's electronic filing system ('EFS'). Without protective measures, it was possible for savvy competitors who were not parties to the current litigation to comb the publicly available dockets in the EFS wherein such information would allow them to gain insights on the plaintiff's trade secrets and competitive advantage. The protective order was necessary and crucial for the plaintiff to maintain its competitive business interests. It would also ensure the proprietary information belonging to the plaintiff to not fall into the wrong hands or get misused. (para 26)

(2) The benefits of the protective order outweighed the potential harm. The protective order would enable the plaintiff to proceed with the assessment of damages as intended. Without it, the plaintiff would be unable to produce the necessary documents to prove damages on the basis of loss of royalties. The primary interest promoted by the protective order was the public interest in a civil litigant's right to present its case, or more broadly, the right to a fair trial. (para 31)

(3) The protective order would not limit the defendant's access to the protected information. Instead, it would grant the defendant complete access to all documents necessary for the assessment of damages. The only restriction was on the use and dissemination of those documents, aimed solely at safeguarding confidential information, and on the defendant's ability to review them. The defendant's complaint was less about access and more about its unwillingness to respect the necessary confidentiality. (para 32)

(4) The scenario contemplated in the prayers in encl. 161 effectively established a confidentiality ring, also known as 'confidentiality club'. It was pertinent to note that both litigants had already been practicing some form of confidentiality arrangement earlier in the proceedings.

During trial, the plaintiff's application to redact commercially sensitive information in its documents, including the protected information, had been allowed. Same went for the defendant's application to redact the information in their own documents. Despite the redaction, the parties were free to inspect the un-redacted documents. This demonstrated the defendant had acknowledged the commercial sensitivity of the protected information and agreed they should be protected from public access. Therefore, encl. 161 fell within the established practices of confidentiality and aligned with the principles the parties had previously adhered to. Granting encl. 161 would be consistent with the court's ongoing commitment to balance transparency and confidentiality. Other than that, considering that the defendant was a member of a 'single tier' confidentiality club, given its inclusion, there would be no risk or prejudice to it in maintaining the confidentiality measures requested. (paras 33, 35 & 36)

(5) The protective order had struck a balance between the defendant's need to access documents for a fair assessment of damages and the plaintiff's right to protect confidential information. The defendant's ability to prepare its case was preserved while also respecting the plaintiff's business interests. Judicial efficiency by reducing the risk of additional litigation over the misuse of confidential information was also promoted through the implementation of the protective order. This proactive measure ensured a smoother legal process and minimised potential conflicts. Considering these, encl. 161 was allowed with costs. (paras 37 & 38)

Case(s) referred to:
BBW v. BBX and Others [2016] 5 SLR 755 ***(refd)***
Central Sugars Refinery Sdn Bhd v. Tang [2020] CLJU 693; [2020] 1 LNS 693 HC ***(refd)***
Crest Homes Plc v. Marks [1987] 2 All ER 1074 ***(refd)***
Entinck v. Carrington (1765) 95 ER 807 ***(refd)***
Kingtime International Ltd & Anor v. Petroface E&C Sdn Bhd [2020] 1 CLJ 862 HC ***(refd)***
Koger Inc v. O'Donnell [2009] IEHC 385 ***(refd)***
Megnaway Enterprise Sdn Bhd v. Soon Lian Hock [2009] 8 CLJ 130 HC ***(refd)***
Mobil Oil Australia Ltd v. Guina Developments Pty Ltd [1996] 2 VR 34 ***(refd)***
Riddick v. Thames Board Mills Ltd [1977] 3 All ER 677 ***(refd)***
Schmidt Scientific Sdn Bhd v. Ong Han Suan & Ors [1998] 1 CLJ 685 HC ***(refd)***
Shaifubahrim Mohd v. EM Exhibitions (M) Sdn Bhd & Anor [2012] 5 CLJ 360 HC ***(refd)***
Sherman Estate v. Donovan 2021 SCC 25 ***(refd)***
Sierra Club Of Canada v. Canada (Minister Of Finance) 2002 SCC 41 ***(refd)***
Tenaga Nasional Bhd v. Ice Man Sdn Bhd [2020] 6 CLJ 783 HC ***(refd)***
Thomas Marshall (Exports) Ltd v. Guinle [1978] 3 All ER 193 ***(refd)***
Warner-Lambert Co v. Glaxo Laboratories Ltd [1975] RPC 354 ***(refd)***

Legislation referred to:
Courts of Judicature Act 1964, s. 15(1), (2)
Rules of Court 2012, O. 37 r. 1, O. 92 r. 4

A *For the plaintiff - Su Siew Ling & Elica Wong Ying Shaang; M/s Linda Wang Su & Boo*
For the defendant - Kok Pok Chin & Ng Pau Chze; M/s PC Kok & Co

Reported by Syamim Ariffin

B **JUDGMENT**

Yusrin Faidz Yusoff JC:

Introduction

[1] In this judgment, we delve into the plaintiff's application in encl. 161, seeking a protective and sealing order to shield commercially sensitive and confidential information from being publicly disclosed during the assessment of damages. The defendant, standing in opposition, champions the cause of full disclosure, asserting its indispensability for a fair trial. The court, the arbiter of this contest, must now walk a tightrope, balancing the need for confidentiality, a closely guarded treasure, with the transparency that is the lifeblood of a just legal system.

Background Facts

[2] Pursuant to a full trial, my learned brother Azlan bin Sulaiman JC has allowed the plaintiff's copyright infringement claim against the defendant. The key question during trial revolves around the plaintiff's copyright in their New Delac curtain track design; wherein this court found that the defendant's Yokita curtain track design infringes the plaintiff's New Delac track design. The judgment of my learned brother, dated 21 September 2022, includes the plaintiff's relief for damages to be assessed; wherein a notice for direction for assessment of damages pursuant to O. 37 r.1 of the Rules of Court 2012 ('the Rules') was duly filed on 19 January 2023 (encl. 151).

[3] With an eye towards shielding their confidential and commercially sensitive documents, the plaintiff filed this application (encl. 161) on 11 October 2023. In general, the plaintiff seeks the following from the court:

(i) protection of confidential information: that specific documents and information related to their business dealings and internal records (referred to as "protected information") be used exclusively for the proceedings assessing the plaintiff's damages;

(ii) limited disclosure: that the protected information be disclosed only to certain individuals involved in the proceedings, including the judge, court personnel, legal counsel, named representatives, witnesses, and a designated transcriber. Specific recipients must sign a confidentiality undertaking;

(iii) confidentiality maintenance: that all recipients of the protected information maintain its confidentiality and not discuss or disclose it to non-recipients, even after the conclusion of the proceedings;

(iv) secure filing and handling: that the protected information is filed in physical form only, kept separate from other documents, sealed with a clear confidentiality notice, and not made accessible to the public; and

(v) in camera proceedings: that the assessment of damages be conducted in a closed session (in camera), excluding non-recipients and ensuring that only authorised personnel can access the recordings and transcripts of the proceedings.

[4] On 19 February 2024, after considering parties' submissions, I allowed the plaintiff's application.

Issues

[5] The application focuses on the following issues:

(i) whether protective order is necessary; and

(ii) whether the benefits of the protective order outweigh the harm.

Whether Protective Order Is Necessary

(i) Counsels' Contentions On Whether Protective Order Is Necessary

[6] The defendant's learned counsel, Kok Pok Chin, argues that it is neither necessary nor in the interest of justice for the plaintiff to apply for such a protective order that aims to avoid scrutiny of its documents. The application is said to be made by misapplication of authorities as it is usual even for high-profile cases to be conducted openly.

[7] The defendant argues that there is nothing unique or exceptional in the current case that justifies the plaintiff's secrecy about their commercial documents compared to cases involving high-profile figures and their financial transactions. In fact, according to the defendant, the price of their Yokita product is lower if compared with the product of the plaintiff' wherein there would be no risk or detriment to the plaintiff's business.

[8] Learned counsel for the plaintiff, Su Siew Ling argues that their application is made in good faith and is essential for preserving the confidentiality of commercially sensitive and proprietary information related to the plaintiff's New Delac products and business in Malaysia. If the documents and information are disclosed to third parties, especially competitors in the curtain rails and accessories industry, the plaintiff argues that this would result in severe prejudice and detriment to their business. It is argued that competitors could potentially determine the costs, profits, and profit margins of the plaintiff's New Delac products, which would negatively impact the plaintiff's competitive position.

(ii) Court's Findings On Whether Protective Order Is Necessary

[9] Section 15(1) of the Courts of Judicature Act 1964 provides that anyone is entitled to see a document filed with the court, with the proviso that "the court shall have power to hear any cause or matter or any part thereof in camera if the court is satisfied that it is expedient in the interests of justice, public safety, public security or propriety, or for other sufficient reason so to do." Further, s. 15(2) of the Act provides as follows:

> (2) A Court may at any time order that no person shall publish the name, address or photograph of any witness in any cause or matter or any part thereof tried or held or to be tried or held before it, or any evidence or any other thing likely to lead to the identification of any such witness; and any person who acts in contravention of any such order shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding five thousand ringgit or to imprisonment for a term not exceeding three years or to both.

[10] The court recognises the challenges that arise when addressing confidentiality issues during legal proceedings. There is a public interest in maintaining open justice, as well as an equally important public interest in ensuring a fair trial where both parties have unrestricted access to all pertinent materials. However, there is also a competing public interest in protecting confidential information, particularly trade secrets, from becoming public or being misused by the opposing party as a result of the proceedings.

[11] Many well-known cases across common law jurisdictions with discovery rules provide insight into the principles and approaches used to balance these competing public interests. Examples include *Mobil Oil Australia Ltd v. Guina Developments Pty Ltd* [1996] 2 VR 34 (CA) (Australia), *Koger Inc v. O'Donnell* [2009] IEHC 385 (SC) (Ireland) and *Warner-Lambert Co v. Glaxo Laboratories Ltd* [1975] RPC 354 (CA) (England and Wales).

[12] Our courts have acknowledged its inherent jurisdiction to grant such protective orders under O. 92 r. 4 of the Rules as outlined in the case of *Kingtime International Ltd & Anor v. Petroface E&C Sdn Bhd* [2020] 1 CLJ 862; [2020] 11 MLJ 141. In the said case, Wong Kian Kheong J (as His Lordship then was) relied on the Singapore High Court decision in *BBW v. BBX and Others* [2016] 5 SLR 755, wherein it was held that the court has an inherent power to grant sealing orders barring public access to court files and documents in appropriate cases. The primary purpose of this jurisdiction is to prevent injustice or an abuse of process. Protective and sealing orders are a vital tool to ensure that confidential information is disclosed in a controlled manner, minimising any potential harm while facilitating the fair resolution of disputes.

[13] In *Kingtime International Ltd & Anor v. Petroface E&C Sdn Bhd* (*supra*), the High Court held that in deciding to grant a protective order or otherwise the court should balance the following competing considerations:

(i) public interest requires all relevant evidence to be disclosed to the court so as to enable the court to decide justly the case at hand;

(ii) the plaintiff's right to apply for discovery of all relevant documents in support of the plaintiff's claim; and

(iii) the need to protect the defendant's proprietary interest in the confidential information in question.

[14] According to the English case *Warner-Lambert Co v. Glaxo Laboratories Ltd*, (*supra*) there is no universal or general formula to follow. Nonetheless, I believe the following two-pronged test established in the Supreme Court of Canada case, *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41 (CanLII), [2002] 2 SCR 522 (SC), may serve as a guide for determining the applicable standard:

(i) such an order is necessary in order to prevent a serious risk to an important interest, including a commercial interest, in the context of litigation because reasonably alternative measures will not prevent the risk; and

(ii) the salutary effects of the confidentiality order, including the effects on the right of civil litigants to a fair trial, outweigh its deleterious effects, including the effects on the right to free expression, which in this context includes the public interest in open and accessible court proceedings.

('the *Sierra Club* test')

[15] The Supreme Court of Canada refined the *Sierra Club* test in its 2021 decision in *Sherman Estate v. Donovan* 2021 SCC 25 (CanLII), [2021] 2 SCR 75 (SC), finding that the test required the following three prerequisites:

(i) court openness poses a serious risk to an important public interest;

(ii) the sealing order is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and

(iii) as a matter of proportionality, the benefits of the sealing order outweigh its negative effects.

[16] Based on decided cases, it is observed that the three prerequisites in *Sherman Estate v. Donovan* (*supra*) are typically applied in situations where an individual's dignity and core identity would be at risk if the information were publicly disclosed. This approach ensures that the court's discretion upholds the presumption in favour of open courts, while also providing sufficient flexibility to protect other public interests, including privacy concerns.

[17] Applying the *Sierra Club* test, in order to assess whether a protective or sealing order is necessary to prevent a serious risk to commercial interest to the plaintiff, the question would be to ask whether the existing protection on confidentiality is sufficient to prevent such risk.

[18] As it stands, the current protection on confidentiality to the plaintiff is the implied undertaking as to confidentiality. In the English case of *Crest Homes Plc v. Marks* [1987] 2 All ER 1074 (HL), Lord Oliver of Aylmerton (at p. 1078) held that it "must, in my judgment, clearly be right that the implied undertaking applies not merely to the documents discovered themselves but also to information derived from those documents, whether it be embodied in a copy or stored in the mind".

[19] Such implied undertaking is referred to by Wong Kian Kheong J in *Kingtime International Ltd & Anor v. Petroface E&C Sdn Bhd* (*supra*) (at para. [21]) where he held as follows:

> [21] I have not overlooked the fact that when a party ('Y') is successful in obtaining a discovery order, there is an implied undertaking by Y that Y can only use the documents disclosed by the discovery order for the case in question and not to use the documents for any collateral or ulterior purpose ('implied undertaking') – please see the judgment of Lord Denning MR in UK's Court of Appeal in *Riddick v. Thames Board Mills Ltd* [1977] 3 All ER 677, at pp 687-688. I am of the view that the implied undertaking by the first plaintiff is not adequate in this case to protect the defendant's legitimate interest in the confidential information. It is only just and appropriate to grant the protective order so as to ensure that the confidential information is not leaked to the detriment of the defendant.

[20] Considering that the discovery process is generally private, and that "papers are often the dearest property a man can have" (*Entinck v. Carrington* (1765), 95 ER 807 at p. 818), the defendant, who is the prospective recipient of the plaintiff's affidavit containing commercially sensitive and proprietary information, is under a general obligation to keep such documents confidential. This obligation amounts to an implied undertaking of confidentiality, restricting the party receiving such documents from using the information for purposes other than the action at hand. As Lord Denning MR states in *Riddick v. Thames Board Mills Ltd* [1977] 3 All ER 677 at p. 687:

> A party who seeks discovery of documents gets it on condition that he will make use of them only for the purposes of that action, and no other purpose. To use a document produced for inspection for a collateral or ulterior purpose is a misuse against which the court will proceed for contempt or by injunction ...

[21] Since an implied undertaking regarding confidentiality is an obligation arising from legal process, the court has the authority to impose sanctions on the use of such documents.

[22] Contrary to the defendant's objections, there is no dispute that the plaintiff is entitled to quantify their losses on the basis of loss of royalties (see: *Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2)* [2009] 8 CLJ 130; [2009] 3 MLJ 525). Based on the plaintiff's argument, in order to support their assessment of damages, the plaintiff wishes to produce the following documents in an affidavit form:

(i) license agreement and annual royalty reports between the plaintiff and their exclusive distributor and licensee in Malaysia for the plaintiff's New Delac products;

(ii) documents containing pricing information of the New Delac products offered to the said exclusive distributor and licensee by the plaintiff and to the plaintiff by its suppliers which are digitalised, recorded in and extracted from plaintiff's internal database, including correspondences between the plaintiff and its distributors and/or suppliers containing the aforementioned information; and

(iii) documents containing sales, general and administrative expense *ie*, operational costs of the New Delac products which are digitalised, recorded in and extracted from the plaintiff's internal database, including correspondences between the plaintiff and its distributors and/or suppliers containing the aforementioned information.

[23] In *Thomas Marshall (Exports) Ltd v. Guinle* [1978] 3 All ER 193, the English High Court held as follows:

> *Costs and prices which are not generally known may well constitute trade secrets or confidential information:* see *Herbert Morris Ltd v. Saxelby*, referring to prices.
>
> If one turns from the authorities and looks at the matter as a question of principle, I think (and I say this very tentatively, because the principle has not been argued out) that four elements may be discerned which may be of some assistance in identifying confidential information or trade secrets which the court will protect. I speak of such information or secrets only in an industrial or trade setting. *First, I think that the information must be information the release of which the owner believes would be injurious to him or of advantage to his rivals or others. Second, I think the owner must believe that the information is confidential or secret, ie, that it is not already in the public domain.* It may be that some or all of his rivals already have the information: but as long as the owner believes it to be confidential I think he is entitled to try and protect it. *Third, I think that the owner's belief under the two previous heads must be reasonable. Fourth, I think that the information must be judged in the light of the usage and practices of the particular industry or trade concerned.* It may be that information which does not satisfy all these requirements may be entitled to protection as confidential information or trade secrets: but I think that any information which does satisfy them must be of a type which is entitled to protection. (emphasis added)

[24] In *Shaifubahrim Mohd v. EM Exhibitions (M) Sdn Bhd & Anor* [2012] 5 CLJ 360; [2012] 9 MLJ 84, Hanipah Farikullah JC (as Her Ladyship then was) cited the following passage from *Thomas Marshall (Exports) Ltd v. Guinle* (*supra*) and held as follows:

> [78] In the case of *Thomas Marshall (Exports) Ltd v. Guinle* [1978] 3 All ER 193, where it was protected as confidential information held:
>
> ... the names and telex addresses of the company's manufacturers and suppliers and their individual contacts; the negotiated prices paid by the company ...

[25] In *Schmidt Scientific Sdn Bhd v. Ong Han Suan & Ors* [1998] 1 CLJ 685; [1997] 5 MLJ 632 Kamalanathan Ratnam JC (as His Lordship then was) held that (at p. 696 (CLJ); p. 634 (MLJ)):

> it is my judgment that trade secrets are not limited to manufacturing processes or secret formulae *but extend to information relating to the list of names and addresses of customers and suppliers, specific questions sent to the customers, cost prices, specific needs and requirements of the customers and status of ongoing negotiations with the customers.* (emphasis added)

[26] Based on its nature, I am of the considered view that such documents are confidential and require more protection than a mere implied undertaking of confidentiality. This is especially so when such documents become part of court records, which would be made accessible to the public *via* the court's Electronic Filing System ('EFS'). Without protective measures, it is possible for savvy competitors who are not parties to the current litigation to comb the publicly-available dockets in the EFS, wherein such information would allow them to gain insights of the plaintiffs trade secrets and competitive advantage. I am therefore of the view that such protective order is necessary and crucial in order for the plaintiff to maintain its competitive business interests. The protective order ensures that proprietary information belonging to the plaintiff does not fall into the wrong hands or get misused.

Whether The Benefits Of The Protective Order Outweigh The Harm

(i) Counsels' Contentions On Whether The Benefits Of The Protective Order Outweigh The Harm

[27] It is argued by the defendant that the plaintiff's application to hear the case in camera is a direct attack on the well-established principle of open court in this country. This is because it would deny public scrutiny of its documents and damages claim, potentially undermining public confidence in the justice system and weakening public understanding of judicial proceedings. The case of *Tenaga Nasional Bhd v. Ice Man Sdn Bhd* [2020] 6 CLJ 783; [2020] MLRHU 232 is cited to argue that what the plaintiff is applying would encourage trial by ambush.

[28] The plaintiff emphasises that the protected information is highly proprietary, confidential, and not publicly accessible. Therefore, its non-disclosure would not adversely affect the public. Consequently, the plaintiff argues that there is a compelling reason to grant their application for a protective order.

[29] As to the effect of such an order, the case of *Central Sugars Refinery Sdn Bhd v. Tang* [2020] CLJU 693; [2020] 1 LNS 693 is relied upon by the plaintiff to argue that the protection or sealing order does not have any prejudicial effect on the defendant's liability as each party's right are still preserved and they can still argue their respective cases before this court notwithstanding such a protection or order.

(ii) Court's Findings On Whether The Benefits Of The Protective Order Outweigh The Harm

[30] To determine whether the benefits of the order outweigh the potential harm, it is essential to examine the terms of the requested protective and sealing order. According to encl. 161, the plaintiff seeks the following measures to handle the protected information:

> 2. The said Protected Information shall not, directly or indirectly, be disclosed in any manner to any person except to the following persons ("Recipients"):
>
> (a) The learned Judge, Judicial Commissioner or Registrar who conducts the proceedings for assessment of damages;
>
> (b) Court personnel who assist directly with the proceedings;
>
> (c) The Plaintiff's counsel or solicitors who are directly involved in the proceedings and to whom disclosure is necessary;
>
> (d) The Defendant's counsel or solicitors who are directly involved in the proceedings and to whom disclosure is necessary;
>
> (e) Named representatives of the Plaintiff;
>
> (f) Named representatives of the Defendant and any other persons within the Defendant to whom disclosure is strictly necessary;
>
> (g) Witnesses giving evidence in the proceedings;
>
> (h) The person who prepares the notes of proceedings for the Plaintiffs assessment of damages (as agreed in writing by the Plaintiff and Defendant) ("Nominated Transcriber").
>
> PROVIDED ALWAYS that the persons and individuals stated in subparagraphs (d), (f), (g) and (h) shall, prior to being shown or given any disclosure of or access to the said Protected Information, sign and execute the Undertaking in Annexure-A hereto. Each original signed Undertaking will be kept by the Plaintiff and/or the Plaintiffs counsel or solicitors.

3. The Recipients shall not disclose or discuss in any manner the said Protected Information or any part thereof with any other person, except other Recipients, even after the conclusion of the current proceedings and for so long as the information remains confidential.

4. The said Protected Information shall be filed or submitted to the Court in physical form only and shall:-

(a) be segregated from other documents which have been filed or submitted to the Court;

(b) sealed with the following note ("Note") clearly visible:

> Confidential Information Pursuant to the Protective Order governing the confidentiality of the Plaintiffs Protected Information, this package shall remain sealed in the Court files and is neither to be opened nor the contents thereof be accessed, displayed, disclosed or revealed except in accordance with the terms of the Protective Order and permitted by the Court.

(c) not to be disclosed, or be made accessible, or made available for public access and/or inspection by any persons in any form/manner and by any means.

5. The proceedings for the Plaintiffs assessment of damages shall be heard in camera ("Proceedings in Camera") in accordance with Section 15(1) of the Courts of Judicature Act 1964 and:-

(a) any person who is not a Recipient shall not be allowed to attend the Proceedings in Camera;

(b) the Court's "Recording and Transcription Electronic System" shall be disabled in respect of the Proceedings in Camera;

(c) the Proceedings in Camera shall be recorded in an audio form ("audio recording") and shall be transcribed ("transcript") by the Nominated Transcriber; and

(d) the transcript and audio recording shall:

(i) be sealed with the Note clearly visible;

(ii) be treated as confidential information which is subject to this Order; and

(iii) only be given to the Recipients.

6. The terms and conditions of this Order shall preserve the confidentiality of the said Protected Information, and shall continue to remain in force so long as the information remains confidential.

7. Nothing in this Order shall:-

(a) affect any communications between the Plaintiff, Defendant and their respective counsel and solicitors.

(b) have any meaning or be understood as the Court having made a finding that the said Protected Information is inadmissible in the proceedings, unless the Court makes a ruling or there is an Order to this effect

8. The cost of this application shall be made cost in the cause;

9. The parties be at liberty to apply to include any further documents or information as the said Protected Information; and

[31] Applying the second question of the *Sierra Club* test to the facts of this case, I am of the view that the benefits of the protective and sealing order outweigh the potential harm. The advantage of the order is that it would enable the plaintiff to proceed with the assessment of damages as intended. Without the order, the plaintiff would be unable to produce the necessary documents to prove damages on the basis of loss of royalties. Thus, the primary interest promoted by the protective and sealing order is the public interest in a civil litigant's right to present its case, or more broadly, the right to a fair trial.

[32] Moreover, I find the defendant's contention that the protective and sealing order limits their access to documents to be entirely unsubstantiated. The order, in reality, grants the defendant complete access to all documents necessary for the assessment of damages. The only restriction is on the use and dissemination of those documents, aimed solely at safeguarding confidential information, and not on the defendant's ability to review them. It seems the defendant's complaint is less about access and more about an unwillingness to respect the necessary confidentiality.

[33] I am of the view that the scenario contemplated in the prayers in encl. 161 effectively establishes a confidentiality ring, also known as a 'confidentiality club,' which is frequently used in patent infringement and trade secrets cases within Commonwealth jurisdictions. In India, the Delhi High Court developed this concept and included it in the Delhi High Court (Original Side) Rules, 2018 under Chapter VII r. 17, which is reproduced herein:

17. **Confidentiality Club** – When parties to a commercial suit wish to rely on document/documents that are commercially or otherwise confidential in nature, the Court may constitute a confidentiality Club so as to allow limited structure/protocol, for the establishment and functioning of such Club, as it may deem appropriate. An illustrative structure/protocol of the Confidentiality Club is provided in ANNEXURE F. The Court may appropriately mould the structure/protocol of the Club, based upon the facts and circumstances of each case.

ANNEXURE F

CHAPTER VII RULE 17

PROTOCOL OF CONFIDENTIALITY CLUB

Procedure to be followed in dealing with confidential documents/ information Upon hearing of an application, the Court may allow constitution of a Confidentiality Club in the following manner:-

a) All documents/information considered as confidential ("Confidential Documents/Information") by the Court shall be permitted to be filed in a sealed cover to kept in the safe custody of Registrar General.

b) Each party shall nominate not more than three Advocates, who are not and have not been in-house lawyers of either party, and not more than two external experts, who shall constitute the Confidentiality Club. Members of the Confidentiality Club alone shall be entitled to inspect the Confidential Documents/Information.

c) Members of the Confidentiality Club shall be allowed to inspect the Confidential Documents/Information before the Registrar General, without making copies thereof. After the inspection, the Confidential Documents/Information shall be resealed and kept in the custody of the Registrar General.

d) Members of the Confidentiality Club shall not make copies of, or disclose, or publish the contents of, the Confidential Documents/ Information to anyone else in any manner or by any means, or in any other legal proceedings and shall be bound by the orders of the Court in this behalf.

e) During recordal of evidence with respect to the Confidential Documents/Information, only members of the Confidentiality Club shall be allowed to remain present.

f) During proceedings of the Court, when the Confidential Documents/ Information are being looked at or their contents discussed, only members of the Confidentiality Club shall be permitted to be present.

g) The Court may in its discretion and in an appropriate case, permit copies of the Confidential Documents to be given to the opposite party after redacting confidential information therefrom, if such redaction be possible and not otherwise.

h) Any evidence by way of affidavit or witness statement containing confidential information derived from the Confidential Documents/ Information shall be kept in a sealed cover with the Registrar General and would be accessible only to the members of the Confidentiality Club. However, a party filing such evidence by way of affidavit shall, if so directed by the Court, give to the opposite party, a copy of such affidavit after redacting therefrom the confidential information, if such redaction is possible and not otherwise.

i) The Confidential Documents/Information shall not be available for inspection after disposal of the matter, except to the Party producing the same.

j) In cases where the Confidentiality Club is constituted or documents are directed to be kept confidential, the Court may consider extending the time for filing of pleadings. However, the same shall be within the overall limits prescribed by the applicable provisions.

[34] A confidentiality club is an agreement signed between the parties in a proceeding to restrict the dissemination of confidential information and documents to certain authorised individuals. These clubs are established to allow the use of specific confidential documents and sensitive information by either party during the recording of evidence. In addition to being formed through an agreement, a confidentiality club can also be created by a court order.

[35] In this context, it is pertinent to note that both litigants have already been practicing some form of confidentiality arrangement earlier in the proceedings. During trial, my learned brother granted the plaintiff's application to redact commercially sensitive information in the plaintiff's documents (encl. 9), including the protected information. Similarly, the defendant's application to redact information in their documents (encl. 144) was also allowed. Despite the redaction of documents filed with the registry, the parties were free to inspect the unredacted documents. This demonstrates that the defendant acknowledges the commercial sensitivity of the protected information and agrees it should be protected from public access. Therefore, the current application in encl. 161 falls well within the established practices of confidentiality and aligns with the principles both parties have previously adhered to. Consequently, granting this application is consistent with the court's ongoing commitment to balancing transparency and confidentiality.

[36] In general, among all the features, the most prominent and contested aspect pertains to the eligibility for membership in these clubs. In a 'two-tier' or 'external eyes-only' confidentiality club, parties themselves are prohibited from becoming members, allowing only the lawyers representing the parties and external expert witnesses to participate. However, this is not the case here, as the defendant is a member of a 'single-tier' confidentiality club. Given the defendant's inclusion as a member, there is no risk or prejudice to them in maintaining the confidentiality measures requested.

[37] I am therefore of the considered view that the protective and sealing order strikes a balance between the defendant's need to access documents for a fair assessment of damages and the plaintiff's right to protect confidential information. The defendant's ability to prepare their case is preserved while also respecting the plaintiff's business interests. Implementing the protective and sealing order also promotes judicial efficiency by reducing the risk of

A additional litigation over the misuse of confidential information. This proactive measure ensures a smoother legal process and minimises potential conflicts.

Decision

B **[38]** In light of these considerations, I have allowed the plaintiffs' application for protective order as per encl. 161 with costs in the cause.

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